

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 075934

43

ORIGIN EA-14

INFO OCT-01 ADP-00 EB-11 TRSE-00 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 SEC-03

L-03 /129 R

DRAFTED BY EA/ J: WPIEZ: BD

EXT., 23152 - 4/20/73

APPROVED BY EA/ J - RICHARD A. ERICSON, JR.

EB/ OMA - MR. CHEATHAM

TREASURY - MR. DYCHE

----- 011116

R 231522 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

LIMITED OFFICIAL USE STATE 075934

E. O. 11652/ GDS

TAGS: EFIN, JA

SUBJECT: JAPAN' S HIDDEN RESERVES

FEDERAL RESERVE STAFF DESIRES INFORMATION RE GOJ
INTERNATIONAL RESERVE ASSETS NOT INCLUDED IN OFFICIALLY RE-
PORTED (END- OF- MONTH) GROSS INTERNATIONAL RESERVES.
DURING INTERROGATION IN JAPANESE DIET OCTOBER 17, 1972,
GOVERNMENT REVEALED THAT \$2.7 BILLION OF ITS FOREIGN
EXCHANGE ASSETS WERE NOT INCLUDED IN ITS OFFICIAL INTER-
NATIONAL RESERVE FIGURES. OF \$2.7 BILLION, \$0.9 BILLION
CONSISTED OF MEDIUM- AND LONG- TERM SECURITIES IN UNITED
STATES AND OTHER COUNTRIES, AND \$1.8 BILLION OF DEPOSITS
IN FOREIGN BANKS. WITHOUT APPROACHING GOJ, EXCEPT AS YOU
FIND FEASIBLE, ANSWERS TO FOLLOWING QUESTIONS WOULD
BE HELPFUL:

1. WHEN JAPANESE SPEAK OF \$1.8 BILLION IN DEPOSITS
- LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 075934

IN " FOREIGN BANKS", WOULD THIS INCLUDE DEPOSITS IN ANY AMERICAN BRANCH BANKS IN JAPAN?

2. WHAT IS BREAKDOWN OF \$1.8 BILLION IN DEPOSITS AS BETWEEN DEPOSITS IN BANKS IN THE UNITED STATES, AND DEPOSITS IN COMMERCIAL BANKS IN OTHER COUNTRIES OR AT THE BANK FOR INTERNATIONAL SETTLEMENTS?

3. HOW MUCH OF THE \$1.8 BILLION REPRESENTS DEPOSITS DENOMINATED IN U. S. DOLLARS? WHAT IS THE BREAKDOWN BETWEEN DOLLAR DEPOSITS IN U. S. BANKS AND EURO- DOLLAR DEPOSITS (INCLUDING DOLLAR DEPOSITS AT THE BIS)? ARE THESE HELD BY BANK OF JAPAN OR MINISTRY OF FINANCE?

4. IS BREAKDOWN BY CURRENCY AVAILABLE OF THE NON-DOLLAR HOLDINGS?

5. HOW MUCH OF \$0.9 BILLION IN SECURITIES CONSISTED OF U. S. SECURITIES?

6. GOJ HAS PURCHASED APPROXIMATELY \$425 MILLION IN CERTIFICATES FROM EXPORT- IMPORT BANK OF U. S. IS THIS AMOUNT INCLUDED IN \$0.9 BILLION?

7. " ALTHOUGH THE BANK OF JAPAN' S PURCHASES OF WORLD BANK BONDS RESULT IN A NORMAL CAPITAL OUTFLOW, THE BANK' S ACTION CAN BE CONSTRUED AS HIDING RESERVES SINCE WORLD BANK PROVISIONS ALLOW IMMEDIATE REDEMPTION OF THE BONDS." WOULD YOU AGREE THAT THIS IS A VALID STATEMENT?

8. HOW MUCH OF \$2.7 BILLION WAS ACQUIRED IN 1972?

9. WOULD IT BE POSSIBLE TO OBTAIN QUARTERLY DATA ON THESE HOLDINGS OF MEDIUM- AND LONG- TERM SECURITIES AND DEPOSITS ABROAD THROUGH MARCH 1973? ROGERS

LIMITED OFFICIAL USE

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 23 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE075934
Document Source: CORE
Document Unique ID: 00
Drafter: WPIEZ: BD
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730448/aaaaiuce.tel
Line Count: 104
Locator: TEXT ON-LINE
Office: ORIGIN EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 06 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Nov-2001 by smithrj>; APPROVED <27-Nov-2001 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 980127
Subject: JAPAN' S HIDDEN RESERVES
TAGS: EFIN, JA
To: TOKYO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005